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1985 Housing Element

CITY OF CAPITOLA
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HOUSING

I. INFORMATION ON POPULATIONS & HOUSEHOLDS

Capitola is a coastal community which has long been known for its beach and quaint village area. The City experiences unique housing problems and goals because of the pressures imposed by recreational activities in the region. These recreational activities often conflict with the desires of the full time residents in the community. While Capitola does not advocate a no-growth policy, the community is approaching build-out and must make careful and thoughtful choices for the remaining vacant or under-utilized parcels.

In order to develop thoughtful housing goals and programs, it is necessary to look closely at the people and households who currently live in the community and surrounding area. By identifying spectrums of people in a community and summarizing the types and conditions of housing units available, realistic goals for future housing programs can evolve.

To make this evaluation we have looked at population characteristics, household income, special housing needs, housing conditions and availability compared to needs of the population.

A. Population:

Capitola has grown significantly during the last two decades. The 1960 population was 2,026, 1970 population was 5,080, and 1984 population was 9,493. A portion of this population increase was due to annexation acquisitions by the City, but much resulted from the increased attractiveness of Santa Cruz County as a place to reside. Population growth for Capitola now shows trends of slowing below levels previously predicted. This slow down trend is true throughout the rest of County of Santa Cruz. By 1990, the anticipated population is 10,840.* This means an average annual increase of 226 people or 113 households over the next 6 years.

*AMBAG - 1984.



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B. Population by Age:

The increase in population from 1960 has brought with it a change in the age distribution of the Capitola community. In 1960, Capitola's predominate age group was older adults (36% of the community was 60 years or older). By 1980 the largest age group was those persons between the ages of 20-34 years (35.2% of the population). One of the major reasons for this shift in age distribution towards younger persons is that Capitola, like many other communities, is experiencing first-hand the results of the baby-boom of the late forties and early fifties. This shift in ages will continue to effect Capitola by diversifying the population and housing needs.

C. Household Size/Group Quarters

The size of households has been steadily decreasing in Capitola. In 1970, the average household consisted of 2.3 persons; by 1976 the average household had declined to 2.18 persons and by 1980 it was reduced to 2.07. The households in Capitola are smaller on the average than those in the rest of Santa Cruz County. In 1980 the County's average household consisted of 2.54 persons.

In regards to group quarters, those numbers have also decreased in the last few years. The 1976 special census reported 180 persons in group quarters in Capitola; data for the 1980 census show 105 persons in group quarters or approximately .9% of the population.

D. Ethnicity:

There are no significant concentrations of racial/ethnic groups in Capitola. The 1980 census provided data that showed approximately 11.6% of the heads of households in Capitola were a specific racial/ethnic class. This is an increase over 1976, but still does not represent a concentration. The census showed the minority household evenly distributed throughout the community. Listed below are the specific categories of racial/ethnic groups and the corresponding percentages for both the City of Capitola and the County of Santa Cruz.

Chart I

RACIAL/ETHNIC BACKGROUND BY HEAD OF HOUSEHOLD

	CITY	COUNTY
White	89.4	76.1
Spanish	6.4	18.2
Black	.9	.9
Asian	2.3	3.8
Other	1.0	1.0

Source: 1980 Census

E. Household Income

In 1984, the median household income in the County was \$18,120.00 and \$13,844.00 in Capitola. The 1980 Census shows 4,333 households in Capitola or 52.7% are considered to be lower income households. The AMBAG Report showed 1,431 very low and 853 low income households. Capitola has always exceeded its "fair share" of low income households. The large number of lower income households require special programs for maintenance and upgrade of existing living situations if their housing situation is not going to deteriorate.

F. Households With Special Needs.

1. Handicapped Households.

Households with handicapped persons often times have special needs especially in regards to modified, "barrier-free" residential units. Some examples of the types of modifications needed are widened hallways and doors, lowered counter tops, grab bars and ramps.

The State of California Department of Rehabilitation has estimated that there are approximately 540 handicapped persons in the City of Capitola. Through the City's Home Improvement Program, special grants and loans are available to handicapped persons for the modification of their home environment to make it "barrier-free." In addition to these special rehabilitation loans and grants, the City of Capitola is unique in that it has made a special effort to employ handicapped persons as part of the City's labor force. The City has received nationwide attention for its employment of wheelchair-bound persons as parking meter monitors. The City has also revised its building code to conform to Title 24 requirements and actively enforces these requirements.

2. Elderly Households.

As was indicated earlier, the elderly population has been decreasing as a percentage of the community over the last years. In 1967, 36% of the total population was 60 years or older, while in 1980 the percentage has reduced to 18.5%. Because Capitola was a retirement community for so long, the elderly will continue to be a strong presence in Capitola. The ten mobile home parks in the City are almost 100% elderly-occupied providing approximately 590 units for elderly households. Locating affordable housing is important for the elderly as their income potential is usually much more limited than that of other households.

Since elderly households tend to be small, they require only one or two bedroom housing units. Many prefer apartments or mobile homes to high maintenance single family residences. Capitola currently has 78 assisted elderly units (Section 202) and a church sponsored 19 unit project for the elderly. The City is building 7 units of senior housing on 38th Avenue.

Using a household size of 1.5 for elderly households, the 590 mobile home units which have rent control and the 97 units of subsidized housing, 61.3% of the seniors live in housing where the rents are controlled or subsidized.

3. Single Heads of Households.

Single heads of households with children many times have difficulty in obtaining housing. Many landlords will not rent to single parents with children and, as of this writing, there is no city or county ordinances to ban the discrimination against children. In addition, single parent households have special needs in regards to affordability of housing. Females continue to earn less than males and, hence, have less income available to them to use for housing. The 1980 Census shows that 10.8% or 469 of the families in Capitola are female headed.

4. Overcrowding.

Census figures show that the average household size in the City of Capitola continues to decline even with the population becoming younger. The 1980 Census shows an average family size of 2.07 per household, but 115 households which are overcrowded. Overcrowding is usually a situation which results from high rent cost and lack of availability. Much of Capitola's housing stock is made up of units which were designed for retirees or vacation rentals, i.e., small units. As the pressure for housing units continues to rise, overcrowding becomes more of a problem.

5. Overpaying.

The problem of overpaying is not unique to the City of Capitola. Income figures have not kept pace with housing costs. The 1980 Census estimates 58.4% of all households pay more than 25% of their income for housing. The large elderly population in the City, on fixed incomes, often fall in the overpaying category. AMBAG's report for December 1983 deals with lower income households which are overpaying for housing. They estimate that 1,168 of all lower income households pay more than 25% of their income for housing.

6. Farmworkers' Housing.

Farmworkers' housing has never been an issue in Capitola as there is no agriculturally zoned land within the City.

7. Emergency Housing.

Capitola is in the process of constructing two new major facilities, a community center and gymnasium which will both serve as housing during a major disaster. The Community Center will be equipped with kitchen facilities and offer the community a command center.

Capitola does not have any plans to provide emergency housing for non-disaster homeless. There is no evidence that there is a need at the present time in the community.

8. Household Labor Force Participation.

In the past, the two job sectors that have been primarily represented in Capitola are the professional/technical sector and the retail/commercial sector.

Chart II
LABOR BY PARTICIPATION - 1980

	<u>Number</u>	<u>Percent of Total</u>
<u>Agricultural/Mining</u>	124	3.0%
<u>Construction</u>	303	7.3%
<u>Manufacturing</u>	572	13.8%
<u>Transportation</u>	61	1.5%
<u>Public Utilities</u>	113	2.7%
<u>Wholesale Trade</u>	95	2.3%
<u>Retail Trade</u>	949	23.0%
<u>Financial/Real Estate</u>	324	7.8%
<u>Business & Repair Service</u>	158	3.8%
<u>Recreation Service</u>	361	8.7%
<u>Educational Services</u>	387	9.4%
<u>Other Professional Services</u>	231	5.6%
<u>Public Administration</u>	203	4.9%

It is expected that the major source of new employment growth in Capitola will be from the commercial/retail development along 41st Avenue. This will come from an intensification of uses as well as new construction. It is not anticipated that this employment base will be growth inducing because of the nature of the jobs created and the pay scale for this type of job. A special survey conducted by the City Planning Department in January 1980, indicated that the average hourly wage earned by an employee in a commercial enterprise was \$3.90 per hour. In addition, data received in that survey also indicated that these type of commercial enterprises have more part-time employees than full-time employees. Below are the results from three of the largest commercial employers in Capitola.

Chart III

<u>STORE</u>	<u>TOTAL # OF EMPLOYEES</u>	<u>% PART-TIME</u>
SEARS	225	65%
MERVYN'S	201	88%
CAPITOLA MALL*	214	55%

*(not including Sears or Mervyns)

The data from this survey, then indicates that the types of jobs created from commercial/retail developments tend to be more part-time rather than full time employment. Because of the part-time nature of this work and the more limited income it produces, it is anticipated that a large number of these jobs will be filled with persons from the student age population or secondary wage earners.

In the June 1980 report on "Housing" (part of the Capitola Local Coastal Plan), estimates are given for the number of new households that can be expected to be generated from commercial development. These estimates are based on an analysis of existing vacant land and potential intensification of existing land uses. The number of employees than can be generated from those land uses are then calculated and a "headship rate" is factored in to determine the number of new households that will be generated. Using this analysis, then, it is anticipated that jobs for 1,385 persons will be generated after 1980 by new development or intensification of existing uses. The following illustration indicates the number of new households that will be generated by those employees.

Chart IV

-----NEW HOUSEHOLDS GENERATED BY EMPLOYMENT-----
1980 - 1990

<u>Occupations</u>	<u>Employees</u>	<u>New Households</u>
Professional	334	212
Managerial	188	161
Clerical	185	61
Sales	107	70
Craftspersons	185	183
Operatives	104	76
Services	162	92
Laborers	121	112
TOTAL	<u>1,385</u>	<u>967</u>

In developing the chart, it was assumed that the number of new employment opportunities generated would reflect the same occupational breakdowns as the County. For example, it is projected that 24% of new employees in the County will be professionals, therefore, 24% of new employees generated in Capitola were projected to be in the professional category. Because of the fact that the majority of new jobs generated in Capitola will be commercial/retail opportunities, it may be that Capitola will not follow exactly the same proportionality as the County. It may be that more employees are generated in the sales and clerical category than in the professional category. Further, it is expected that these new sales employees probably will not generate as many households as a professional worker mainly due to the part-time nature of the work as indicated by the City Planning Department's Survey in January, 1980.

Therefore, for the purposes of the Housing Element, it is anticipated that the new households generated by employment after 1980 will be in the range of 750 to 967 new households. This corresponds to expected population growth figures in 1990 of 10,830 using 1.18 households per job and a commute out rate of 23% of the household.

II. EXISTING HOUSING NEEDS

It is often difficult to establish the needs of the existing population in a community. It is much easier to project growth based on the amount of jobs created and the amount of developable land remaining in the community. The traditional methods of looking at vacancy rates and the number of people in the community who are overpaying no longer gives the same valid indication as they once did. One of the trends which seem

to be coalescing in Capitola is that the City policy of preserving the present housing stock is working. Problems continue to increase as more of the housing units in the community are converted to second homes and property values continue to grow. The need to address the 115 overcrowded units and provide opportunities for rehabilitation of existing housing stock is critical. Programs to address these needs are incorporated in the program section.

The vacancy rate which is the other indicator of the housing market is deceptive in Capitola because of the large percentage of second homes which are shown as vacant on the census survey. The housing market for rentals is very tight and becoming more of a problem as the demand for rental units increases because of the high cost of home purchases. The Department of Finance shows a vacancy rate of 9.99 in 1984 and this seems unrealistic to anyone familiar with Capitola.

III. INFORMATION ON HOUSING UNITS

A. Housing Units by Type

The 1984 Department of Finance indicates that there are 4,391 conventional and 590 mobile homes. In 1970 there were 2,536 housing units. Part of this increase has been due to annexation of already developed land adjacent to the City's boundaries in the Live Oak area, but much has been infill in Capitola. As the housing stock in the City has increased over the last ten years, the types of units in the stock has also been changing.

Department of Finance figures for 1984 show the following breakdown for housing.

Capitola 1984

Single Family -	2,065
2 Unit/4 Unit Bldg. -	1,067
More Than 5 Units -	1,259
Mobile Homes -	590
	<u>4,981</u> TOTAL UNITS

B. Vacancy Rate

Vacancy rates theoretically measure the health of the housing market in a community. The vacancy rate is the percentage of the total housing stock available for sale or rent at any one time. The U.S. Department of Housing and Urban Development has determined that 5% is a "healthy" vacancy rate on rental units and 2% for ownership units.

AMBAG's Report December 1983 shows an effective vacancy rate of 3.7%. The Census figures and the Department of Finance, as mentioned, show a very different picture. The Department of Finance, which develops their vacancy rate from the Census shows a rate of 9.9%; much above the desired rate. In reality, the rate is probably close to 5% which has been determined to be a healthy vacancy rate.

The vacancy rate is distorted because many of the units designated "not on the market" are in actuality seasonal or second home units. Because Capitola is an attractive coastal community, many people have purchased "vacation" or second homes in the community which, although part of the housing stock, are not available for permanent members of the community. The AMBAG Report states there is a need to have 240 units available or an increase of 62 more units on the market to have a 5% vacancy rate. This may not be necessary.

C. Housing Unit Conditions

AMBAG uses a figure of 9% of the housing units in need of rehabilitation. The California Coastal Commission also conducted a survey in Capitola in 1979 of the coastal zone which covers two-thirds of Capitola. The result of the coastal survey also showed that 9% were in need of rehabilitation. These figures are probably fairly accurate because while the City rehabilitates 43 units from 1979 to 1984 with Block Grant Funds, the rate of 10 units or .4% per year falling into disrepair is not unrealistic.

The Census figures show that 36 units are lacking in plumbing facilities and 4 units are overcrowded and lack plumbing facilities.

D. Housing Cost

Like most other communities in California, the cost of housing has increased dramatically in Capitola. The costs of both buying and renting housing units has increased. The average value of a housing unit in 1980 was \$94,909.00.

With the median selling price \$109,000 (1984), the average household would need to have an annual income of at least \$40,000 to afford such a unit. (A standard rule of thumb is that a household can afford a unit that costs 2 1/2 times its annual income.) Only 4.0% of Capitola's population exceeds an annual income of \$40,000.00.

Costs of renting a unit are high also. According to a survey conducted by the Capitola Planning Department in July of 1984 the average cost of a 2 bedroom apartment in the area was \$455.00 per month without utilities.

E. Special Types of Housing

1. Manufactured Housing

As was indicated earlier, mobile homes account for a significant amount of Capitola's housing stock. The majority of these mobile homes are owned by elderly residents who rent the space for their units from mobile home park owners. There are 10 mobile home parks in Capitola and from 1976-1979 rents for mobile homes had increased an average of 10% per year. In the fall of 1979, however, the City Council adopted an ordinance to regulate rents. This ordinance has provided a control mechanism so that elderly residents on fixed incomes will not be subject to arbitrary increases in their monthly space rent.

Mobile homes and other types of manufactured housing (i.e., factory-built units) are becoming increasingly popular as a means of providing affordable housing. These types of housing units are typically less expensive to construct and purchase than conventional units. In 1984 the average price range on a new mobile home was approximately \$16,000 (for a 966 square foot unit) to \$30,000 (for a 1,440 square foot unit). Until recently, the major drawback to mobile homes was their temporary nature. However, State legislation has changed that and mobile homes will now be treated as permanent residences rather than vehicles. All mobile homes sold after July 1, 1980 are subject to local property taxes and owners of mobile homes can now take advantage of the cash value of the units by securing loans against the built-up equity of their units. Finally, in the "Programs" section of this report, there are several programs specifically recommended to address mobile homes in Capitola.

2. Condominium Unit

Of the total housing units in Capitola, approximately 15.3% of the housing stock are condominium units. 14.6% of these are listed as vacant. Many of these are "second homes," and consequently are unavailable for year-round usage, and do not offer housing opportunities for full time residents.

Further, as multi-family rental units are converted to condominiums, there is a dramatic effect on the rental market since these rental units are in effect "lost" once they become converted.

The City Council has recognized this problem and has adopted a condominium conversion ordinance that requires that 35% of the units be made available to low and moderate income persons and only units constructed between 1970 and 1980 can be converted.

3. Assisted Housing

At the present time, there are seventy-eight units of elderly Section 202 Housing, twelve Section 8 Existing Housing, twelve Section 8 New Housing, and nineteen church assisted elderly units. The City presently owns a site and is developing seven units of assisted senior housing.

F. Coastal Zone Housing Opportunities (Section 65588)

The Coastal Zone in Capitola covers over two-thirds of the City. For that reason coastal housing policies have applied to the entire City. The one particular issue which is of concern in the coastal area is the loss of residential opportunities for low and moderate income households. Capitola requires demolition permits for all structures to be demolished and requires Architectural & Site Review for all conversions of residential units to commercial. While neither one of these prohibit the loss of housing opportunities, they provide data to monitor such activities.

Between 1980 and 1984 there have been 5 housing units lost to conversion to commercial. In the Village area none were low/moderate income housing (Section 65588(d)(3)). All were summer rental units. At the same time there has been only one new commercial building built and 17 new residential units approved in the Village area. The conversion of residential to commercial is also limited by parking and handicap access requirements. At the present time there does not appear to be a need to limit demolition or conversion as there have been no loss of low/moderate income housing opportunities. There has been no requirement for any replacement units as there has been no loss (Section 65588(d)(4)).

The City has already rezoned 12 acres of commercial land to residential and rezoned portions of Capitola Road from C-N to C-R which makes residential a permitted use and requires a Use Permit for commercial. This will provide adequate housing opportunities in the coastal zone.

IV. SUMMARY OF HOUSING NEEDS

Based on the data presented in the preceding pages, the following is a summary of the present projected housing needs in the community. The figures have been updated to include changes in the community and economy over the last three years.

A. Need to Provide Additional Units

In response to recent State requirements regarding Housing Element updates, AMBAG has completed a "Housing Needs Report." The thrust of that report is to review employment and population projections on regional basis to the year 1990. These projections are then translated into an assessment of housing needs for each jurisdiction. While the "Housing Needs Report" serves as the basis for this section of Capitola's Housing Element, only those figures and findings specific to Capitola have been used.

Based on AMBAG's Regional Housing Needs Report, December 1983, a population of 10,840 is projected by 1990. This is an increase of 1,347 persons.

One important aspect of the regional housing needs is the "Fair Share Allocation." The City of Capitola exceeds the percentage of lower income households. To bring the City in line with the other areas of the region there would be a loss of 3.1% of lower income households. It is the policy of the City to preserve the lower income housing opportunities presently in the City, i.e., the Mobile Home Rent Review Board and Condominium Conversion Ordinance, the focus for new construction will be on a mix of housing types.

Chart V

AMBAG'S "HOUSING NEEDS REPORT" SHARE OF LOWER INCOME HOUSEHOLDS

CAPITOLA	1980	1990	Change	Percent
Population	9,095	10,840	1,745	19%
Group Quarters	105	175	20	19%
Household Population	8,990	10,715	1,725	19%
Households	4,333	5,358	1,025	24%
Average Household Size	2.07	2.00	.07	3.3%

Those projects indicate that Capitola will generate an additional 872 households which maintains a relative growth position to the total Santa Cruz area.

The next step taken in the AMBAG analysis is the transference from the additional household figure of 872 to the actual number of new housing units needed by 1990. Using the base of 872, allowing for a 5% vacancy factor (43 units) and allowing for the replacement of demolished residences (69 units), the total new units needed is 974. Capitola has averaged 162 units per year from 1980 - 1984 which means the City will meet its fair share of housing units.

In looking at how Capitola needs to address the issues of "Fair Share" it is necessary to look at the larger regional picture as well as Capitola itself. The theory behind "fair share" is that a community such as Capitola is part of a larger regional housing market and the number of lower-income households should be distributed evenly throughout that region so that no one community shoulders all of the burden. As a function of its regional role, AMBAG has developed a fair share allocation for the Monterey Bay Area and has estimated that approximately 39.1% of the region's households are low income. Based on the assumption that each community should ultimately have 39.1% lower income households, then AMBAG has calculated by community the total number of lower income households that can be expected to qualify for housing assistance in 1985. Because Capitola currently has 52.7% lower income households, Capitola's share of new lower-income households is a minus figure. This does not in any way mean that the housing policies of the City can exclude the need to address the housing issues of the lower income households. There are housing issues such as overcrowding and overpaying which presently effect the 52.7% lower income household already in Capitola.

The conclusion is that Capitola is meeting its housing needs and goals.

B. Need To Provide Ownership Opportunities

In recent years it has become increasingly difficult for first-time buyers to purchase a housing unit. New households who have not had a chance to "build-up" any equity are specifically at a disadvantage. Recent population data indicates that the percentage of persons 20-34 years old has been increasing while the percentage of elderly persons has been declining in Capitola. The 20 - 34 age group is where new households are traditionally formed and one of the groups that is having a hard time entering into the home ownership market.

V. CONSTRAINTS IN PROVIDING HOUSING NEEDS

There are two different types of constraints - governmental constraints and market constraints.

A. Governmental Constraints

Governmental fees required by the City of Capitola are a minimum portion of the fees collected. In Capitola the major portion of the fees collected go to water, sewer and school districts; over which the City has no control.

The City of Capitola has stated in the Local Coastal Plan it would not charge more than it actually cost to process an application for a low/moderate income housing project. This same policy applies to a project anywhere in the City, not just in the coastal zone.

On the following page is an example of the fees that currently are charged in Capitola. The example is based on the fees required to build a three-bedroom, two bath house with a valuation of \$90,000 in a ten unit subdivision.

The assumption is often made that government constraints are effecting opportunity to build affordable housing. Small cities are very limited in this area. Capitola does not charge more than actual cost on permit for affordable projects. The City is not going to compromise safety by not conforming to Uniform Building Codes. Capitola has a good record of dealing with developers to offer assistance for affordable units. The City has already removed many of the common governmental restraints to building.

Chart VI

CURRENT FEE STRUCTURE (FALL 1984)

Architectural & Site Committee	\$ 50.00 (City)
Map Fees	50.00 (City)
Zone 5 (Drainage fees)	100.00 (County)
Water Service Fees	4,500.00 (Water District)
Sanitary Sewer Fee	2,000.00 (County)
School Impact Fee	500.00 (School)
Building Permit	522.00 (City)
Plan Check Fee	<u>320.00 (City)</u>
	\$8,042.00 TOTAL

(Not included are costs for EIR Reports, Rezoning, Variances and other variable costs.)

The major constraint towards providing affordable housing is the lack of vacant available land. Capitola has recently rezoned a large portion of commercial land for residential (12 acres). As there becomes less and less, the price of the remaining pieces eliminates their use for low/moderate income projects.

The housing policies in Capitola include a strong stand regarding residential conversion to commercial and requiring residential units as part of commercial projects particularly in the Village area and the C-N zoning district.

It is also important to note that the cost of construction and financing over the last few years continue to add to the cost of building housing. It appears to be almost impossible for affordable units to be built by the private market place unless there is some form of government subsidy.

B. Service and Physical Constraints

The City of Capitola has no physical and service constraint to deal with in calculating the number of housing units to be built within the City. The major constraint will be the supply of land. At the present time there is room for approximately 267 new units in Capitola. Listed below is a table showing the present zoning classifications and the amount of vacant land that is available for development.

Chart VII

CAPITOLA ZONING

AMOUNT OF LAND IN ACRES IN EACH ZONING CLASSIFICATION

Zoning Description	Acreage
R-1 Single Family	254.6
RM-LM - Multiple	46.7
RM-M - Multiple	84.0
RM-H - Multiple	6.7
MHE	74.7
Central Village	22.0
Neighborhood Commercial	50.7
Community Commercial	164.4
Throughfare Commercial	1.2
Industrial Park	6.8
Planned Development	37.9
Public Facilities	108.2
Automatic Review	<u>71.2</u>
TOTAL ACRES IN THE CITY	<u>927.3</u>

Chart VIII
VACANT LAND INVENTORY

NUMBER OF UNITS WHICH CAN BE ADDED ON VACANT LAND TO EACH ZONING DISTRICT

R-1 - Single Family	28
RM-LM - Multiple	51
RM-M - Multiple	30
AR - Automatic Review	110
C-C - Community Commercial	34
C-N - Neighborhood Commercial	13
C-V - Central Village	<u>2</u>
TOTAL	<u>268</u>
	—

VI. HOUSING GOALS AND POLICIES

GOAL A. Maintain and encourage a variety of housing types, prices and tenure in the community.

Policies Provide a balance of rental and homeownership opportunities.

Encourage and provide incentives for all new residential development to include a variety of unit types and prices.

Assist private, non-profit and public developers of low and moderate income housing units to reduce their cost of development.

Monitor and regulate residential demolitions and conversions so that viable housing opportunities are not lost.

Ensure the compatibility of all new construction with the surrounding neighborhood.

GOAL B. Protect and conserve the existing housing stock in the community.

Policies Encourage the conversion and rehabilitation of existing housing units to stable neighborhoods.

Seek and maximize funding opportunities (federal, state and local) so that affordable units can be protected and/or provided.

Encourage energy conservation measures in residential units and a recycling program for garbage.

To provide for condominium conversion of existing rental units only when resulting housing opportunities for rental vs. owner-occupied units are maintained in equilibrium (50% plus or minus 5%) and the proposed sale of units provides a substantial commitment to provide ownership opportunities for low and moderate income households.

To insure that conversions provide housing opportunities that are physically sound and achieve high qualities of appearance and safety.

To reduce the impacts to tenants in rental housing who may be required to relocate due to conversion of apartments to condominiums.

To reduce the economic impacts and insure that the conversion of mobile home parks to condominium or cooperative ownerships are economically feasible to existing mobile home owners. To ensure this policy the City shall require that two-thirds of the owners shall be favorable to the conversion.

GOAL C. Provide an equal opportunity to all persons to obtain housing in the community.

POLICIES Insure that all persons regardless of their ethnic, racial, religious background, marital status, age, sex or physical handicap have an equal opportunity to obtain housing.

Continue to work with AMBAG and other agencies to insure an equitable distribution of housing needs throughout the market area.

VII. HOUSING PROGRAMS

Once the housing needs/constraints have been identified and the goals and policies have been established, the critical task of identifying action programs comes into play. The programs that implement the policies are in reality the crux of an effective Housing Element. Without detailed and responsive programs, the Housing Element becomes a "wish list" rather than an "action list."

On the following pages are detailed explanations of the programs that have been identified to carry out the goals and policies that were started earlier. Also listed for each program is the anticipated time frame and specific actions that can be expected to be accomplished. Following the individual explanations of each program is a summary of the relationship among the programs, housing needs and goals and policies.

One of the goals of the Housing Element revisions is to review the programs the City has operated to provide more housing opportunities and make adjustments where possible.

1. Capitola Home Improvement Program

Time Frame - On-going.

Actions To Be Accomplished - Rehabilitate 3-5 Units Annually.

City Responsible for Program and Implementation.

Evaluation of Program - 1983-1985

The housing rehabilitation goal is to rehabilitate 3-5 units per year. The program continues to operate, but to not meet its goal. The reason for this is that the previously rehabilitated units have not turned over recycling the funds. The goal of 3-5 units remains the same with the anticipation that turn overs will start.

Program Goal - The City of Capitola has administered a housing rehabilitation program over the last five years. There has been a commitment of \$200,000.00 to the program over that time frame. The program has offered technical assistance as well as financial help. Loans of up to \$14,000 have been made for single family residences and grants of up to \$4,000 have been offered to lower income elderly and handicapped households.

The plans for the program as it matures, is to keep the program active. Funds return to the program as previously existing loans are repaid to the community. The funds are placed in the housing account to be used for future rehabilitaitons.

The City of Capitola will continue to actively pursue other funds for offering opportunities to the residents of Capitola to preserve the existing housing stock. The City will attempt to compete for more Block Grant Funds in any instance when the criteria for the funding makes it possible for the City to compete.

2. Condominium Conversion Ordinance

Time Frame - On-going (City Ordinance).

Actions To Be Accomplished - 35% of all converted units are to be affordable to low/moderate income households. (35-50 units)

Actions Accomplished - Conversion of 176 units which provide mortgage and financing for first time home buyers.

Evaluation of Program - There have been no conversion applications.

Program Goals - There have been no new applications for condominium conversions. The ordinance has definitely had an effect of limiting the number of conversions and keeping much of Capitola's rental stock in place. There are no plans at present to change the ordinance.

Capitola's Condominium Conversion Ordinance requires that all multi-family conversions of five or more units shall contain provisions to ensure that affordable units will be preserved. In specific, the ordinance requires that in such conversions at least 15% of the units be available to low income households and another 20% of the units be available to moderate income households.

The ordinance also specifies that these provisions for low and moderate income households should include "private and public financing programs, projected ceiling prices and other considerations." Capitola has participated in a Mortgage Bond Program with Santa Cruz County to allow for first time home buyers to purchase units in a 176 unit condominium project.

3. Conversion of Residential Units to Commercial

Time Frame - On-going.

Actions To Be Accomplished - Preservation of residential opportunities in Capitola (5 units per year).

Implementation - City of Capitola

Evaluation of Program - New Program.

Program Goals - Because much of Capitola - Village, Capitola Avenue and Capitola Road - is a mixture of residential and commercial uses, there needs to be a special emphasis on not losing those residential opportunities. In 1985 the City rezoned portions of Capitola Road to a Residential/Commercial zone from Neighborhood/Commercial. The new zone from requires a Conditional Use Permit for commercial uses and for conversions from residential to commercial. The zone puts a much stronger emphasis on residential.

Capitola is developing Village Design Guidelines which require rezoning of the residential part of the Village to preserve the residential area and reemphasize the City's policies of maintaining the residential uses on Lawn Way and the 6 Sisters. The proposed zone would also require a Use Permit for second story commercial uses, but make residential a permitted use. The goal is to maintain the balance between residential and commercial.

4. Mobile Home Park Programs

Time Frame - On-going (City Ordinance)

Actions To Be Accomplished **Preserve the affordability of the mobile home spaces within the City**

City of Capitola is responsible for implementation.

Evaluation of Program - 1983-1985

The Mobile Home Program continues to be effective in controlling the rents in the City's mobile home parks. The program will continue.

Because of the unique role played by the mobile homes in providing a source of affordable housing, the City of Capitola has taken specific actions to preserve their viability. The City has established a Mobile Home Rent Review Board. This Board reviews petitions for space rent increases in mobile home parks.

Also, the City has included within the Subdivision Ordinance, a requirement that no mobile home park can be converted to condominiums or cooperative projects unless 2/3 of the tenants agree to such a conversion. In applying this policy, the City Council recognized the "unique economic relationship" between mobile home park tenants and their landlords.

Program Goals - The City has recognized the special role of the mobile homes in providing units that are affordable and the goal is the preservation of these units.

5. Housing Incentives Program

Time Frame - 1981 to 1985

Actions Accomplished - 1981 - 19 assisted church units
1983 - 12 second story family units

Actions To Be Accomplished - The addition of 20-40 new affordable housing units within the City by 1990.

City of Capitola Implementation.

Evaluation of Program - This program has been very successful in providing housing opportunities. These parcels in the areas of 38th Avenue and Brommer Street have been rezoned from commercial to residential and in the last six months, 28 moderately priced "for sale" units have been approved by the City. The City has annexed two areas and both areas are zoned for multi-family residential. It is anticipated that this will add 200 additional units total for Capitola.

Program Goals - The state has passed legislation requiring that a density bonus be given for low income projects. Capitola has not itself passed a separate ordinance. This includes abandoning an unused right-of-way to add to the moderate income "for sale" project on 38th Avenue and Brommer Street and provided lowered parking requirements for senior projects.

As mentioned earlier, the City of Capitola has a limited amount of vacant residentially zoned land remaining in the City. Currently there is room for 274 new units.

In order to promote affordable housing within the City of Capitola, the City shall review all vacant parcels remaining within the City to determine if it is possible to provide more housing units in the City. The City will adopt a Density Bonus Ordinance for projects which provide low/moderate income units or qualified senior projects. The density bonus will allow for additional units where there are no environmental or other constraints which make the site unsuitable. A schedule will be developed to encourage the construction of large units rather than small units for low/moderate income families. The City will encourage residential/commercial mixes in C-V and C-N zoning districts.

6. Create Residential/Commercial Zoning District.

Time Frame - 1984 - 1985

Actions To Be Accomplished - 15 - 20 new residential units by 1990
City of Capitola Implementation.

Evaluation of Program - New Program.

Program Goals - The City has a design plan for portions of Capitola Avenue and Capitola Road to create a pedestrian commercial area. As part of the implementation there will be an emphasis on new residential/commercial mixes as well as preservation of the existing number of residential units in these areas. New construction in this area shall be of a residential character and scale. These units will provide a much needed housing source for young small households, as well as for elderly households. There will be strict requirement for residential units being converted to commercial without a replacement unit.

7. Rezoning of Land on 38th and Brommer For Residential Use.

Time Frame - 1985 - 1986 - Program Complete.

Goal To Be Accomplished - Provide housing site for approximately 35 new residential units.

City of Capitola Implementation.

Evaluation of Program - This goal has been accomplished and surpassed. The City has rezoned the land and already approved 28 units. There is room for an additional 30 units in the area.

This property is presently zoned C-C which does not allow for residential uses. The rezoning of this property would add to the vacant land inventory for residential uses.

Program Goal - Goal met.

9. Develop a Strategy For The Expenditure of Funds Generated From The City of Capitola Redevelopment Agency for Housing Needs.

Time Frame - 1985 - 1989.

City of Capitola Implementation.

Actions to be Accomplished - Rehabilitation of Grace Street neighborhood. Develop new plan.

Evaluation of Program - The program has been extremely successful. To date the Redevelopment Agency Housing fund has provided construction financing for 7 units of elderly housing and a neighborhood rehabilitation program to the areas of 42nd, 43rd & 44th Avenues including new streets, drainage plans, curb, gutter and sidewalk. This previously had been a Block Grant Rehabilitation Area.

Program Goal - The City of Capitola created a Redevelopment District in the 41st Avenue area. This district will generate tax increment funds of which 20% must go to housing needs. Development of a financial plan will insure the best use of the funds for the most good. Attempts will be made to piggy-back these funds to other sources to gain the greatest amount of leverage. Top priority will be the expenditure to develop six new housing units in the lot purchase with Block Grant funds in 1982 on 38th Avenue.

9. Develop a Historical Ordinance.

Time Frame - 1985 - 1990.

City of Capitola Implementation.

Action to be Accomplished - Adoption of a Historical Ordinance.

Evaluation of Program - The program remains the same though there has been no Historical Ordinance adopted to date. The City has completed the formation of the Museum Board which serves as a Historical Committee.

Program Goal - The development of a Historical Ordinance will serve to draw attention to many of the older units in the community which are providing housing opportunities for low and moderate income households. It would allow for special tax incentives to rehabilitate the units and would also allow for special building code consideration because the unit was historical.

10. Density Bonus - Low/Moderate Income Projects

Time Frame - On-going.

City of Capitola Implementation.

Action to be Accomplished - Implement Government Code Section 65915

Evaluation of Program - New Program.

Program Goals - The State of California has adopted legislation (Section 65915) which requires cities to provide density bonuses for projects of more than 5 units which provide 25% of the units to low/moderate income households. One of the important factors in making this program successful is the length of time required for the commitment. Capitola will require that all rental units be committed for 15 years and a restriction on resale units to eliminate the loss of those units from any program for 15 years.

11. Second Units

Time Frame - On-going.

City of Capitola Implementation.

Action to be Accomplished - Develop second unit program tailored to the special needs and constraints of the community and make the community aware of the program.

Evaluation of Program - New Program.

Program Goals - There is legislation which allows for second units to be added to residential units with a Conditional Use Permit if special conditions are allowed. This will allow for the addition of second units.

12. New Units for Low/Moderate Income Households

Time Frame - By 1985.

City of Capitola Implementation.

Actions to be Accomplished - 7 new rental units.

Evaluation of Program - New Program.

Program Goals - For the City to construct seven new units of low/moderate income senior housing by the end of 1985. The funds will be provided by the City's Redevelopment Agency.

13. Fair Housing Program

Time Frame - On-going.

City of Capitola Implementation.

Action to be Accomplished - Information available to the Public.

Evaluation of Program - New Program.

Program Goals - The City of Capitola will make fair housing information and materials available. There is presently not a fair housing organization in Santa Cruz County, but the City will refer all housing complaints to the appropriate State agency and follow up on actions.

14. Public Participation in Housing Policies

Time Frame - On-going.

City of Capitola Implementation.

Action to be Accomplished - Make the Community aware of Housing Element.

Evaluation of Program - New Program.

Program Goals - The City of Capitola will continue to attempt to keep citizens in the community informed and give them the opportunity to comment on housing problems and concerns. Not only will Agendas be advertised, but the City Newsletter, which goes to all households, will provide information on housing problems, plans and goals. Open communication will continue to be a City goal.

15. Energy Conservation

Time Frame - On-going.

City of Capitola Implementation.

Action to be Accomplished - Provide the Public with information on Energy Programs.

Evaluation of Program - New Program.

Program Goals - The City will make available information regarding energy conservation programs and opportunities. All new construction and remodels will conform to energy standards. The City's Newsletter, which goes to all households in Capitola will provide information on new energy programs offered by the City.

16. Annexation of Additional Residential Land

Time Frame - 1985 - 1987.

City of Capitola Implementation.

Actions to be Accomplished - Land for an additional 100 units of housing.

Evaluation of Program - New Program.

Program Goals - The City of Capitola has some vacant land in its sphere of influence which would add to the housing opportunities in Capitola. Annexation of the land will allow for its development. The annexation should add land for approximately 100 units.

APPENDIX "A"

34-022-04 1829 48TH AVENUE
4,000 R-1 *Bruit*

34-022-05 1823 48TH AVENUE
4,000

34-022-18 4755 CAPITOLA ROAD
5,250 C-R

34-022-19 4725 CAPITOLA ROAD
5,250 part C-R

34-022-39 1701 48TH AVENUE
5,040 PART C-R

34-023-04 1817 WHARF ROAD
4,000 R-1 (Housi

34-024-09 1701 WHARF ROAD
14,950 PAR C-R Commer

34-035-03 4750 CAPITOLA ROAD
3,440 C-R

34-035-04 4770 CAPITOLA ROAD
3,440 C-R

34-035-18 4730 CAPITOLA ROAD
6,880 PART C-R

34-041-06 4960 CAPITOLA ROAD
3,200 PART C-R

34-044-06 1580 Lincoln Ave.
17,000 sq. R-1

34-063-05 4610 Topaz St.
3200 R-1

34-064-11 4895 OPAL STREET
3,200 R-1

34-081-02 4840 CLIFF DRIVE
20,000part A-R Cliff

34-122-01 1771 44TH AVENUE
8,000 R-1

34-123-05 4401 CAPITOLA ROAD
18,620 P-O

34-131-02 CAPITOLA ROAD AND 42ND. AVENUE *Bulk*
13,125 P-O

34-164-01 ALAMEDA AVENUE
15,000 PAR Res RMH

34-164-12 1395 41ST AVENUE
18,000part C-C

34-164-17 3765 BROMMER ST.
10,000 RMH

34-164-18 370 38th Ave.
50,000 RMH

34-164-19 1404 38th AVE.
39,242 RMH

34-181-09 3770 CAPITOLA ROAD
21,000 PAR R-1

34-181-11 1361 BROMMER
27,840 RMM

34-181-15 3760 CAPITOLA ROAD
21,720 PAR R-1

34-181-16 3750 CAPITOLA ROAD
16,000 PAR R-1

34-182-01 19,200 BROMMER & 38TH AVENUE
 RMH *Bromer*

34-201-03 4120 CLARES STREET
15,000 C-C

34-201-12 41ST. AVENUE
3,000 C-C

34-201-13 APX 2,970 CLARES STREET. BEHIND SIZZLER
 C-C *pink*

34-201-14 0 CLARES STREET BEHIND SIZZLER
 C-C

34-201-21 4148 CLARES ST
14.580 RMM

34-201-22 4160 CLARES ST.
14.000 RMM

34-201-31 44,150 LOT BEHIND 42ND AVENUE
 RMM

34-201-33 33,000 AREA OF DRAINAGE DITCH BEHIND WESTERN SAV
 RMM

34-221-06 20,000 41ST AVE. NORTH OR REDWOOD OFFICE
 C-C

34-221-11 15,000 2140 41ST AVENUE
 C-C

34-222-14 8,000 BETWEEN TROTTER AND CLARES STREET
 R-1

34-241-06 WHARF ROAD AND CLARES STREET
230,000 RML

34-261-10 HORSE RANCH CAPITOLA ROAD
24,000 C-C (Mall) *PAUL*

34-261-11 HORSE RANCH CAPITOLA ROAD
24,000 C-C (Mall) *PAUL*

34-273-06 1700 SOMMERFIELD
8,700 RM-M

34-282-05 3600 CAPITOLA ROAD
12,000 R-1

34-282-06 3610 CAPITOLA ROAD
21,000 R-1

34-282-07 3606 CAPITOLA ROAD
20,000 R-1

34-402-01 40TH AVENUE EXTENSION
APX 89,830

35-011-03 BAY AVENUE AT HIGHWAY 1
5 ACRES C-C

35-031-32 2000 WHARF ROAD
5.5 ACRES A-R

35-081-15 514 SUNSET DRIVE
3,920 R-1

35-092-04 614 CAPITOLA AVENUE
4,500 R-1

35-092-06 604 CAPITOLA AVENUE
16,000 R-1/CN

35-092-08 608 CAPITOLA AVENUE
2,000 CN

35-092-18	618 CAPITOLA AVE. 7,520	C-N
35-093-17	430 BLUE GUM 1,500	R-1
35-094-26	518 CAPITOLA AVENUE 4,000	CN
35-172-13	306 RIVERVIEW 1,600	CV
35-181-01	329 CHERRY AVENUE (CORNER OF FANMAR) 1,800	CV
35-181-16	322 CAPITOLA AVE. 2160	CV
35-182-04	217 STOCKTON NEAR CHERRY AVENUE 2,100	CV
36-031-16	320 KENNEDY 82,000	I-P
36-031-19	312 HILL STREET 11,500	I-P
36-031-31	308 HILL STREET 25,000	RM-LM
36-041-22	N/A CORPORATION YARD	I-P
36-061-04	715 ROSEDALE 30,000	RM-M
36-061-67	712 CAPITOLA AVENUE AT THE REAR 5,000	C-N

36-072-29	CITY PARK APX 13,000	P-F	- 0
36-072-30	CITY PARK N/A	P-F	- 0
36-072-31	REAR OF CATHOLIC CHURCH N/A	P-F	- 0
36-093-15	411 MC CORMICK 5,000	R-1	Bunk
36-094-27	CORNER OF WASBURN AND MC CORMICK APX 5,600	R-1	- 1
36-101-09	CORNER OF WASHBURN AND PARK AVENUE APX 4,800	R-1	- 1
36-112-06	115 CENTRAL AVE. 3640	R-1	- 1
36-123-07	203 OAKLAND AVE. 2750	R-1	- 1
36-124-03	211 HOLLISTER AVENUE 6,500	R-1	- 1
36-141-01	602 ESCALONA DRIVE 4,000	R-1	- 1
36-142-02	ESCALONA DRIVE 100,000	V-S	-
36-142-08	EL SALTO DRIVE 100,000	V-S	- 0
36-142-10	EL SALTO DRIVE 100,000	V-S	- 0
36-142-15	609 ESCALONA DRIVE 7,400	R-1	- ①
36-151-02	MONTEREY AVENUE (NEAR SCHOOL) 191,644	R-1	- Marmam.

CITY OF CAPITOLA
420 CAPITOLA AVENUE
CAPITOLA, CALIFORNIA
95010

N E G A T I V E D E C L A R A T I O N

PROJECT TITLE/APPLICATION NO. Housing Element

LOCATION OF PROJECT: City wide

APPLICANT: City of Capitola

APPLICANT'S ADDRESS: 420 Capitola Ave.

PROJECT DESCRIPTION: New Housing Element to replace existing General Plan Housing Element. Individual projects must still conform to C.E.Q.A. requirements.

Based on the Initial Study attached hereto and for the reasons therein, it has been determined that the project will not have a significant effect on the City or regional environment and will not require the preparation of an environmental impact report (EIR).

MITIGATION MEASURES

This Negative Declaration has been prepared under the assumption that the following conditions of approval will be stipulated for the project to mitigate potential impacts identified in the Initial Study.

NONE Required

Stephen S. Russell
Administrator of Environmental Quality

3-21-85

Date

By Whom

r

STAFF CHECKLIST

Sent Notice of Intent to Issue Negative Dec. 3-22-85
State Clearing House Review Required NA
Public Notice Provided 3-25-85
Negative Declaration Adopted
Notice of Determination Filed

Date:

By Whom:

r

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U.C. BERKELEY LIBRARIES



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